

August 2008

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## **BOE Enhanced Compliance Efforts What Businesses Need to Know**

### **What does BOE mean by “Enhanced Compliance Efforts”?**

It is estimated that over three percent of businesses operating in California do so without the appropriate permits or licenses that allow for collection of sales and use tax, as well as other taxes and fees. This non-compliance adds to the more than \$2 billion sales and use tax gap.

Previous experience shows that personal visits made to business locations throughout the state increases voluntary compliance.

### **Why now?**

The Business License Inspection Program (BLIP) was a two year pilot program begun in 2006 that proved successful in increasing compliance with sales and use tax laws and regulations. To continue similar efforts statewide, the BOE requested further funding in this year’s budget (FY08-09).

### **Most businesses comply with the law. Why is this effort important?**

The goal is to ensure all businesses are properly registered so there is not an unfair business advantage over those businesses that are properly registered and reporting their taxes/fees.

### **What is the BOE looking for?**

When BOE specialists visit a business, they will check for a seller’s permit, fee permits, and other business licenses/permits that may be required. For example, they will ask to see a city business license if appropriate. They will check to ensure the license/permit with the BOE is correct, and answer any questions to ensure business owners understand their tax responsibilities. If a business is operating without a permit or license and one is needed, the specialist will provide the business owner with an application along with appropriate instructions on how to register for a permit/license. The team will follow up at a later date to ensure the business has complied.

### **Will every business get a visit?**

The intent is to visit all businesses statewide over time. There will initially be seven teams located throughout the state that will begin their door-to-door visits based on zip code. The BOE specialists will conduct routine business license checks of all storefronts and other known business locations in each neighborhood. Registered retailers will be checked for appropriate permits and licenses as well as service industry businesses, especially if the particular service industry also sells taxable retail items.

**Will businesses be notified before the visits?**

For those businesses already registered with the BOE, letters/notices will be sent ahead of time notifying them of an upcoming visit in their neighborhood.

Businesses that are not registered with BOE may not directly receive a notice or letter, since the BOE has no address on record for them.

However, the BOE will partner and conduct outreach efforts with local organizations, chambers, chapters, and other associations to help inform business owners that they may be getting a visit from a BOE team. Written materials such as brochures and posters will also be made available to BOE partners to publicize BOE's efforts in their respective areas prior to the visits. Information will also be included in BOE classes and seminars offered to business owners. At speaking engagements, BOE speakers will take advantage of the opportunity to notify taxpayers of the BOE's efforts and pending visits.

**Will BOE notify local officials when visiting a particular area?**

BOE will work with and notify local chambers, law enforcement, city and county licensing officials, and other organizations before visits begin in a particular area.

**Where can I go for more information?**

Publication 164, *Statewide Compliance and Outreach* provides more information on the BOE's visits to businesses. Publication 164 is also translated into other languages to better assist taxpayers. You can also get more information on our website at [www.boe.ca.gov](http://www.boe.ca.gov) or by calling our Taxpayer Information Section at 800-400-7115 (TDD/TTY: 800-735-2929).